

Message Text

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73

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 GSA-02 INT-08 CIAE-00 DODE-00

INR-10 NSAE-00 PA-03 RSC-01 USIA-15 PRS-01 SPC-03

AID-20 COME-00 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 DRC-01

/153 W

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R 190155Z SEP 73

FM USLO PEKING

TO SECSTATE WASHDC 732

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: EIND, ETRD, CH

SUBJ: PRC CY 1974 FERROUS SCRAP REQUIREMENTS

REF: STATE 183681

1. IN ACCORDANCE WITH PARA 2 REFTEL USLO HAS DECIDED NOT TO APPROACH CHINA NATIONAL METALS AND MINERALS CORPORATION TO SEEK INFORMATION REQUESTED.

2. ACCORDING TO THE NEW CHINA NEWS AGENCY, CHINA'S STEEL PRODUCTION IN 1972 WAS 23 MILLION TONS. BY 1974 WE WOULD EXPECT IT TO BE AT LEAST 25 MILLION TONS, BUT WE CAN PROVIDE NO QUARTER-BY-QUARTER ESTIMATES.

3. WE BELIEVE CHINA'S STEEL SCRAP IMPORTS IN 1973 WILL BE IN THE VICINITY OF 750,000 TONS, BUT THIS IS ONLY A ROUGH ESTIMATE. WE DOUBT THAT THE FIGURE IS SUBSTANTIALLY LOWER AND IT COULD BE HIGHER. FOR 1974, CHINESE REQUIREMENTS MIGHT BE AS HIGH AS ONE MILLION TONS, BUT AGAIN THIS FIGURE

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CANNOT BE ESTIMATED WITH PRECISION. WE KNOW OF

ONE RECENT US SCRAP SALE TO THE PRC OF ABOUT 350,000 TONS WHICH WILL BE DELIVERED LATER THIS YEAR OR IN THE FIRST HALF OF 1974 (PEKING 0687), AND KNOW THAT THE PRC RECENTLY TALKED TO OTHER AMERICAN SCRAP FIRMS (PEKING 0981).

4. CHINA OFTEN BUYS SCRAP AT ITS SEMI-ANNUAL CANTON FAIRS (THE NEXT FAIR WILL BE HELD FROM OCTOBER 15 - NOVEMBER 15). HOWEVER OTHER SIGNIFICANT PURCHASES ARE MADE BETWEEN FAIRS, AND WE ARE UNABLE TO PROVIDE AN ANALYSIS OF THE OVERALL BUYING PATTERN.

5. PRC DOES NOT EXPORT SCRAP AND QUESTION OF EXPORT CONTROLS DOES NOT APPLY. BECAUSE ALL MACHINERY IN CHINA IS UTILIZED TO MAXIMUM EXTENT FEASIBLE THE COUNTRY DOES NOT GENERATE ENOUGH SCRAP TO MEET DOMESTIC NEEDS. THUS CHINA WILL PROBABLY HAVE A CONTINUING AND GROWING DEMAND FOR IMPORTED SCRAP FOR SOME YEARS TO COME.

6. AMCONGEN HONG KONG MAY BE ABLE TO PROVIDE FURTHER INFORMATION ON THIS SUBJECT AND WE SUGGEST DEPARTMENT REPEAT REFTTEL TO HONG KONG FOR ACTION.
BRUCE

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